

Message Text

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C O N F I D E N T I A L MOSCOW 12344

USDOC FOR BEWT/DOWNEY AND OEA/MEYER

E. O. 11652: GDS

TAGS: ETRD, EEWT, ESTC, ETRN, UR, SW, IT

SUBJ: SOVIET ATC CONTRACT - POST-MORTEM AND SUGGESTIONS
ON LICENSING ISSUES

REF: STATE 204237 (NOTAL)

1. COMMERCIAL ATTACHE USED OCCASION OF MEETING AUGUST 29 WITH V.I. PIROGOV OF STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY TO REVIEW DENOUEMENT OF AIR-TRAFFIC-CONTROL (ATC) NEGOTIATIONS. PIROGOV, WHO WAS KEY MAN IN STATE COMMITTEE ON THIS PROJECT, CONFIRMED WHAT WE ALREADY KNEW, I.E. THAT CONTRACT HAD GONE, ALTHOUGH HE SIAD FINAL SIGNING HAD NOT YET TAKEN PLACE, TO STAN-SAAB. PIROGOV STRESSED STATE COMMITTEE'S REGRET OVER THIS DEVELOPMENT, WHICH HE SAID WAS UNDERSTOOD TO BE MATTER OF SOME CONCERN IN WASHINGTON. HE ALSO CONFIRMED REPORT PREVIOUSLY PASSED ON BY SPERRY-UNIVAC REP THAT HE HAD BEEN SENT TO STOCKHOLM TO INSPECT STAN-SAAB SYSTEM AND HAD COME BACK WITH REPORT THAT SYSTEM WAS ESSENTIALLY LABORATORY MODEL WHICH MIGHT WORK BUT WHICH HAD NEVER BEEN USED IN PRACTICE. PERHAPS TO SMOOTH THE WATERS, PIROGOV PREDICTED THAT SOVIETS WOULD COME BACK TO U.S. FIRMS, PROBABLY SPERRY-UNIVAC, IN THREE-FOUR YEARS. IN CONCLUSION, HE NOTED THAT SOVIETS ASSUMED THIS CASE WOULD NOT HAVE ANY LASTING NEGATIVE

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IMPACT ON WASHINGTON ATTITUDES SINCE NECESSARY U.S. EXPORT

LICENSES HAD BEEN ISSUED FOR U.S. COMPONENTS USED IN STAN-SAAB SYSTEM.

2. COMMATT POINTED OUT THAT NOT ONLY HAD LICENSES NOT RPT NOT BEEN ISSUED, TO BEST OF OUR KNOWLEDGE, STAN-SAAB HAD NOT EVEN APPLIED FOR LICENSES. THIS NEWS APPEARED TO BE SHOCK FOR PIROGOV, WHO SAID THAT IT WAS OF CONSIDERABLE INTEREST FOR SOVIET SIDE. HE INSISTED THAT STAN-SAAB HAD TOLD SOVIETS THAT ALL U.S. GOVERNMENT CLEARANCES HAD BEEN GRANTED. HE ALSO CLAIMED THAT ITALIAN FIRM SELENIA, WHICH HAD BEEN SELECTED TO PROVIDE RADARS, HAD INFORMED SOVIETS THAT IT COULD DELIVER EQUIPMENT WITHOUT U.S. EXPORT LICENSE.

3. COMMENT: WHILE EMBASSY DOES NOT SUGGEST MANIPULATING EXPORT LICENSING POLICY FOR COMMERCIAL PURPOSES, FACT REMAINS THAT APPROVAL OF EXPORT LICENSE FOR U.S. EQUIPMENT AND TECHNOLOGY INCLUDED IN SPERRY-UNIVAC ARTS-III SYSTEM WAS BASED ON MIX OF ECONOMIC, POLITICAL AND COMMERCIAL BENEFITS EXPECTED FROM SALE OF COMPLETE SYSTEM. WHEN SOVIETS OPTED TO PURCHASE SECAM COLOR TELEVISION SYSTEM RATHER THAN USTS SYSTEM IN 1965 IN ANALOGOUS CIRCUMSTANCES, USG CONTINUED TO DENY EXPORT LICENSES FOR VTR'S, PLJKOAJCHNA,,94 85 6 53., THERE WOULD APPEAR TO BE NO NEED TO GIVE STAN-SAAB ANY SPECIAL CONSIDERATION.

4. FINALLY, EMBASSY NOTES CLAIM BY SELENIA THAT IT CAN DELIVER RADARS TO SOVIETS WITHOUT REFERENCE TO US EXPORT LICENSING PROCEDURES. IT WAS OUR IMPRESSION THAT SELENIA IS RAYTHEON LICENSEE AS FAR AS RADAR PRODUCTION CONCERNED AND THAT US EXPORT APPROVAL WOULD BE REQUIRED.
STOESSELL

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